

GAO estimated that the resulting overpayments may have totaled \$311 million, or \$610 per tax return.

Earlier this year, the IRS's acting national taxpayer advocate issued a report to Congress in which he summed up: Complexity "remains the No. 1 problem facing taxpayers, and is the root cause of many of the other problems on the Top 20 list."

All this complexity comes with substantial costs to our economy. Treasury Secretary Paul O'Neill said recently: "The [tax] code today encompasses 9,500 pages of very small print. While every word in the code has some justification, in its entirety it is an abomination. It imposes \$150 billion or more of annual cost on our society with no value creation."

The difficulty of filling out the income tax form is undermining Americans' confidence in the system. When people's interaction with the Federal Government is dominated by complex and burdensome tax forms, it can impair the people's trust in government generally.

We need tax reform and simplification. And now is the perfect time to do something about it.

In a fine Brookings Institution Policy Brief issued this month, scholars Len Burman and Bill Gale write:

Tax complexity is like the weather: everyone talks about it but nobody does anything about it. . . . Unlike the weather, though, policymakers can do something about complexity. And if they do not simplify the tax system now, when there are surplus funds to pay for simplification, they will have lost a golden opportunity.

Burman and Gale are right. Tax simplification needs to be an important part of this year's tax policy debate.

If Congress is to enact a greatly simplified tax code, it needs to have a thorough understanding of the problem as well as specific proposals to consider. Comprehensive studies of the issue can provide a needed impetus. The Report of Secretary of the Treasury Donald Regan, for example, laid the groundwork in substantial part for the 1986 reform.

I chaired the Taxation Committee of the State Senate in Wisconsin when we reformed the tax code in the mid-1980s. Democrats controlled both houses of the Legislature, and we had a Democratic Governor, but we used the Regan tax reform proposal as the basis for much of our own tax reform. The result was a greatly simplified tax system.

Following on that model, in last year's budget resolution, I offered an amendment calling for the Joint Committee on Taxation to conduct a study of means by which we might simplify taxes. The Senate Budget Committee adopted the amendment unanimously. And the budget resolution that Congress adopted on April 13 of last year included it as section 336. That section said, in relevant part: "It is the sense of the Senate that . . . the Joint Com-

mittee on Taxation shall develop a report and alternative proposals on tax simplification by the end of the year. . . ."

The staff of the Joint Committee on Taxation, under the direction of Chief of Staff Lindy Paull, took this and other requests along these lines seriously. They consulted with academics, former chiefs of staff of the Committee, and former Commissioners of the IRS. Staff reviewed proposals that have been made, and considered particular issue areas. The resulting report, released yesterday, suggests ways to accomplish the same policy goals that underlie the current income tax code, but in less duplicative or less convoluted ways.

I am glad to see that the Joint Committee has released its report. Similarly, I am gratified that Finance Committee Chairman CHUCK GRASSLEY is holding a hearing today to receive the report and discuss this important subject.

Although I do not agree with every suggestion put forth in the report, I am convinced that this report and these hearings are exactly the kind of institutional step that we need to take if we are to reform the tax code.

Here are just a few examples of areas where Congress could well simplify the tax code:

**The AMT:** The complicated Alternative Minimum Tax is beginning to affect more and more middle-income taxpayers. It needs reform.

**Capital Gains:** Ever since the 1997 law created differing capital gains rates for differing holding periods, the capital gains form has become very complicated. Some have proposed an exclusion from capital gains income for the first several hundred dollars of capital gains income, so that modest investors in mutual funds would not be subjected to filling out the capital gains schedule.

**The Earned Income Tax Credit:** At the Finance Committee hearing today, Richard Lipton, head of the American Bar Association tax section, argues for simplifying the earned-income tax credit, designed to help low-income working families. In Mr. Lipton's words, "In effect, Congress has given the poor a tax break with one hand and then taken it away with the other by making it too complex to understand."

**Child Credits:** Robert Cherry and Max Sawicky of the Economic Policy Institute have proposed a universal unified child credit that combines the dependent care credit, the earned income tax credit, the child credit, and the additional child credit. Similar work has been advanced by David Ellwood and Jeff Liebman of Harvard University's John F. Kennedy School of Government. Congress could well examine combining various child credits to make them fairer and easier to use.

**The Standard Deduction:** We could expand the standard deduction so that

fewer taxpayers needed to itemize their deductions.

**The Personal and Dependent Exemptions:** Alternatively, we could expand the personal and dependent exemptions.

**The Nanny Tax:** Congress has simplified the law by raising the threshold of wages paid for filing employer taxes and by incorporating the filing into the form 1040. The threshold could be further raised.

**Education Incentives:** Today's code contains several different education incentive provisions, including tuition credits, like Lifetime Learning or the Hope Credit, Education IRAs, State deductible tuition programs, limited interest deductions, and employer provided assistance. These provisions contain numerous and differing eligibility requirements. Congress might work to harmonize these programs.

A simplified tax code makes good economic policy sense. We would improve the economy's efficiency if we could minimize the impact of the tax code on the economic decisions of businesses and individuals.

The tax code's complexity frustrates average households. This is a real issue with many people of fairly modest means. I hold listening sessions in each of Wisconsin's 72 counties every year, and I frequently hear of people's frustrations with the tax code's complexity.

I am gratified to see that the Joint Committee on Taxation has addressed the budget resolution's request seriously, and has produced its extensive product. I commend the Joint Committee's efforts.

We need to advance the process of simplification further. I look forward to working with colleagues in the Finance Committee and the Senate on ways to reform and simplify the tax code.

#### INFORMATION BROKERS

Mr. NELSON of Florida. Mr. President, the Washington Post reported this morning that several prominent banks, insurance companies and law firms regularly purchased consumers' confidential financial information from an information broker that illegally gathered the data using "pretext" calling. This despicable practice involves a caller who contacts a business or government entity and uses a person's social security number or other personal identifier to trick an unsuspecting clerk to provide confidential information about everything from a person's checking account balance to her investment portfolio.

The prohibition against this fraudulent practice was recently strengthened by Congress through the Gramm-Leach-Bliley Act, but reports of abuse have continued. Information brokers with little regard for people's privacy

are doing the dirty work for organizations that otherwise portray themselves as privacy proponents. These so-called information brokers allow companies seeking such information to cut corners at the expense of consumers.

And the apparent willingness of some in the financial industry to purchase such information calls into question the industry's commitment to protecting consumers' privacy. Further, if companies buy information from suspect sources, there are limited prohibitions on redistributing it.

If a company isn't required to get a customer's express consent prior to selling, sharing or disclosing his information, then the customer has little opportunity to stop the spread of inaccurate information.

Earlier this year, I introduced legislation that, if passed, would help minimize the collateral damage that can occur when financial institutions purchase information from these suspect firms. My bill would require a consumer's express consent before a financial company can share personally identifiable financial information with its affiliates and express written consent before it can transfer personally identifiable medical information. I want to put the consumers in control. Consumer control ensures that personally identifiable information is only used for the purpose it was gathered for and protects consumers from the further spread of inaccurate information.

Too often these days, personally identifiable medical and financial information is being shared, bought, or sold; and, it's being done without the consent of the consumer. This practice must stop. And it is our job to pass legislation that will stop it.

I call on my colleagues in the Banking committee to move forward with this legislation as soon as possible, so that it can be considered by the full Senate. Now is the time to close the financial privacy loophole so that we prevent a further erosion of our privacy rights.

#### THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, April 25, 2001, the Federal debt stood at \$5,681,916,012,004.34, Five trillion, six hundred eighty-one billion, nine hundred sixteen million, twelve thousand, four dollars and thirty-four cents.

One year ago, April 25, 2000, the Federal debt stood at \$5,714,810,000,000, Five trillion, seven hundred fourteen billion, eight hundred ten million.

Five years ago, April 25, 1996, the Federal debt stood at \$5,092,768,000,000, Five trillion, ninety-two billion, seven hundred sixty-eight million.

Ten years ago, April 25, 1991, the Federal debt stood at \$3,425,956,000,000, Three trillion, four hundred twenty-

five billion, nine hundred fifty-six million.

Fifteen years ago, April 25, 1986, the Federal debt stood at \$2,003,491,000,000, Two trillion, three billion, four hundred ninety-one million, which reflects a debt increase of more than \$3.5 trillion, \$3,678,425,012,004.34, Three trillion, six hundred seventy-eight billion, four hundred twenty-five million, twelve thousand, four dollars and thirty-four cents during the past 15 years.

#### ADDITIONAL STATEMENTS

##### IN HONOR OF NAVY LIEUTENANT SHANE OSBORN

• Mr. JOHNSON. Mr. President, I rise today to honor South Dakota's native son, Lt. Shane Osborn, the Navy pilot whose leadership and piloting skills saved the lives of the crew detained in China for the first part of April.

Even at three years of age, Shane exhibited a fascination with planes. Shane's family lived on a farm near Rapid City, South Dakota, where the farmer owned a small, two-seat aircraft. The hangar wasn't far from the house, and Shane would often climb into the plane and pretend to take to the skies in flight. This lifelong interest led Shane to the Navy where he trained as a pilot and was commissioned an officer in 1996.

Shane eventually was transferred to Whidbey Island Naval Station in Washington where he was trained to fly naval reconnaissance. As his Navy EP-3E plane recently flew a routine mission near the Chinese coast, it is reported that a Chinese F-8 fighter plane made two passes near the American aircraft, flying within three to five feet of the plane. On the third pass, the Chinese pilot apparently ran into the American plane's propeller, sending Shane and his crew into a steep dive.

With two of the four propellers out of commission, a smashed nose cone, and destroyed navigational instruments, the American plane dropped nearly 7,500 feet toward the China Sea. With sheer will and brute force, Shane managed to bring the plane under control and land safely on the Chinese island of Hainan.

During the ensuing days as Shane and his crew were held by Chinese officials, I spoke with the Chinese Ambassador and urged his government to release the American crew as quickly as possible. I also passed along to the Ambassador an email message Shane's father, Doug, wrote to his son. As the parent of a son in the military, I understood the fear and uncertainty one feels when their child is suddenly placed in harm's way. However, when I spoke with Doug Osborn, I was reminded also of the immense pride and love that a parent feels for their son or daughter in the military.

I commend Lt. Shane Osborn for his heroism in safely landing the disabled American plane and his leadership as mission commander during the 11 days the American crew was detained in China. Shane symbolizes the very best that we have come to expect from the men and women in our military. I will continue to be an advocate on military issues in Congress and make sure that military personnel like Shane receive the "quality of life" benefits they and their families deserve. After the numerous sacrifices the men and women in our military make for our country, we in Congress can be expected to do no less. •

##### HONORING CADET CHIEF PETTY OFFICER THEA I. PECK AS NAVAL SEA CADET CORPS CADET OF THE YEAR

• Mr. SANTORUM. Mr. President, I would like to extend my most sincere congratulations to Cadet Chief Petty Officer Thea I. Peck. On April 28, 2001, she will be awarded the Willis E. Reed Cadet of the Year Award, which recognizes the Naval Sea Cadet who has excelled in all areas of Naval Sea Cadet Corps, NSCC, training. She was initially selected as Mid-Atlantic Cadet of the Year for 2000 out of six states including Pennsylvania, which then lead to her selection as the program-wide Cadet of the Year. This recognition is outstanding as it exemplifies Cadet CPO Peck's leadership, maturity, dedication, and patriotism.

The NSCC was established in 1958 in part of the Department of the Navy to develop an appreciation for the United States' naval history, customs, traditions, and its significant role in national defense. Its purpose is also to develop patriotism, confidence, and pride in our nation's youth and help them to develop strong moral character and good citizenship. It also gives participants a real-life look at military opportunities.

Cadet CPO Peck has been a member of the Naval Sea Cadet Corps Program for over five years. She has completed several training courses over her tenure in the program including time spent at the Foreign Exchange Program with the United Kingdom and Medical Staff Training at Bethesda Naval Hospital. In all of her training periods, Cadet CPO Peck earned the highest performance marks illustrating her dedication to the program and the United States Navy.

In addition to excelling in the Naval Sea Cadet Corps, Cadet CPO Peck is an impeccable student. With a high school grade point average of 3.95, and as a student in all advanced classes, she has mastered time management and the ability to balance academics and outside activities. She has received a number of achievements for her work in various science fairs, and she is also an